

GIRAND & STOUT
LAWYERS
204 LEA COUNTY STATE BANK BUILDING
HOBBS, NEW MEXICO

W. D. GIRAND
LOWELL STOUT

TELEPHONE:
EXPRESS 3-9116
POST OFFICE BOX 1445

March 26, 1959.

*April 22
Hamm
hearing*

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.

Gentlemen:

Enclosed you will find original and two copies of Application of OLSEN OILS, INC. requesting creation of a gas proration unit authorizing unorthodox location of a gas well and exception to Rule 104 and establishing allowable for said well. By copies of this letter, notice is being given to all offset lessees.

We would appreciate your setting this matter down at the earliest possible date.

Very truly yours,

GIRAND & STOUT,

BY: *[Signature]*

G/bc

cc: Anderson-Prichard Oil Corporation,
Liberty Bank Building, Oklahoma City, Oklahoma.

The Texas Company,
Midland, Texas.

El Paso Natural Gas Company,
El Paso, Texas.

Mr. Joe Goodman,
Box 174, El Paso, Texas.

Levers Oil Company,
Box 784, Roswell, New Mexico.

*Docket Mailed
4-10-59
BP*

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BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF OLSEN)
OILS, INC. TO CREATE A NON-STANDARD GAS)
PRORATION UNIT CONSISTING OF EIGHTY (80))
ACRES, TO-WIT: THE WEST ONE-HALF OF THE)
NORTHWEST QUARTER (W $\frac{1}{2}$ NW $\frac{1}{4}$) IN SECTION 28,)
TOWNSHIP 26 SOUTH, RANGE 37 EAST, N.M.)
P.M., LEA COUNTY, NEW MEXICO, AND THE)
APPROVAL OF THE LOCATION OF ITS GAS WELL)
KNOWN AS OLSEN OILS, INC. - GREGORY B)
NO. 1 LOCATED 2310 FEET FROM THE NORTH)
LINE AND 990 FEET FROM THE WEST LINE OF)
SECTION 28, TOWNSHIP 26 SOUTH, RANGE 37)
EAST, N.M.P.M., LEA COUNTY, NEW MEXICO,)
AND ESTABLISHING A GAS ALLOWABLE FOR SAID)
WELL.)

COMES NOW Olsen Oils, Inc. and files this its
Application for the establishing of a gas proration unit
consisting of eighty (80) acres comprised of the W $\frac{1}{2}$ of the
NW $\frac{1}{4}$ of Section 28, Township 26 South, Range 37 East,
N.M.P.M., Lea County, New Mexico, and further, for an
exception to the well spacing Rule No. 104, sub-paragraph
D 1, and for cause would show:

1. That on November 25, 1958, R. Olsen Oil Company,
now Olsen Oils, Inc., filed its Notice of Intention to Drill
with the United States Department of Interior, a copy thereof
being filed with the Oil Conservation Commission of the State
of New Mexico, a copy of said Notice being attached hereto
and made a part hereof, marked Exhibit "A". This Notice of
Intention to Drill was approved on November ~~26~~, 1958.

2. That said well was drilled as an exploratory well for the discovery of oil.

3. That said well failed to be completed as an oil well, but was completed as a gas well.

4. That the well was completed on February 26, 1959 and on twenty-four hour test produced 4800 MCFs of gas, plus 5.5 barrels of oil per 1000 MCFs.

5. Applicant would further show that attempt has been made with Anderson-Pritchard Oil Corporation to unitize the $W\frac{1}{2}NW\frac{1}{4}$ with the $E\frac{1}{2}NW\frac{1}{4}$ of Section 28, Township 26 South, Range 37 East, and these efforts have failed.

6. Applicant would further show that the well is not located within any designated gas pool.

7. Applicant would further show that the subject well is definitely a gas well under the rules, regulations and interpretations of the Commission and that this Application should be granted allowing this applicant to produce from its Gregory B No. 1 well gas.

8. That an allowable should be established for said well.

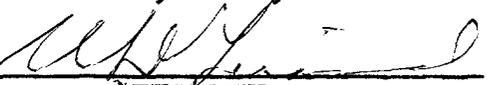
9. That attached hereto and marked Exhibit "B"

is a certified plat showing the exact location of the subject well and all offset operators.

WHEREFORE, applicant prays that the Commission enter its Order creating a non-standard gas unit comprised of the $W\frac{1}{2}NW\frac{1}{4}$ in Section 28, Township 26 South, Range 37 East, and that it authorize the unorthodox location of the well known as the Olsen Oils, Inc.-Gregory B. No. 1 to be located 2310 feet from the North line and 990 feet from the West line of Section 28, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and that an allowable be fixed for said well.

Respectfully submitted,

OLSEN OILS, INC.,

BY 

ATTORNEY.